

AMENDMENTS TO LB 187

Introduced by Nebraska Retirement Systems.

1 1. Strike the original sections and insert the following
2 new sections:

3 Section 1. Section 79-958, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 79-958 (1) Beginning on September 1, 2006, and ending
6 August 31, 2007, for the purpose of providing the funds to pay
7 for formula annuities, every employee shall be required to deposit
8 in the School Retirement Fund seven and eighty-three hundredths
9 percent of compensation. Beginning on September 1, 2007, and ending
10 August 31, 2009, for the purpose of providing the funds to pay
11 for formula annuities, every employee shall be required to deposit
12 in the School Retirement Fund seven and twenty-eight hundredths
13 percent of compensation. Beginning on September 1, 2009, and ending
14 August 31, 2014, for the purpose of providing the funds to pay
15 for formula annuities, every employee shall be required to deposit
16 in the School Retirement Fund eight and twenty-eight hundredths
17 percent of compensation. Beginning on September 1, 2014, for the
18 purpose of providing the funds to pay for formula annuities, every
19 employee shall be required to deposit in the School Retirement Fund
20 seven and twenty-eight hundredths percent of compensation. Such
21 deposits shall be transmitted at the same time and in the same
22 manner as required employer contributions.

23 (2) For the purpose of providing the funds to pay for

1 formula annuities, every employer shall be required to deposit
2 in the School Retirement Fund one hundred one percent of the
3 required contributions of the school employees of each employer.
4 Such deposits shall be transmitted to the retirement board at
5 the same time and in the same manner as such required employee
6 contributions.

7 (3) The employer shall pick up the member contributions
8 required by this section for all compensation paid on or after
9 January 1, 1986, and the contributions so picked up shall
10 be treated as employer contributions in determining federal tax
11 treatment under the Internal Revenue Code as defined in section
12 49-801.01, except that the employer shall continue to withhold
13 federal income taxes based upon these contributions until the
14 Internal Revenue Service or the federal courts rule that, pursuant
15 to section 414(h) of the code, these contributions shall not be
16 included as gross income of the member until such time as they
17 are distributed or made available. The employer shall pay these
18 member contributions from the same source of funds which is used
19 in paying earnings to the member. The employer shall pick up these
20 contributions by a compensation deduction through a reduction in
21 the cash compensation of the member. Member contributions picked
22 up shall be treated for all purposes of the School Employees
23 Retirement Act in the same manner and to the same extent as member
24 contributions made prior to the date picked up.

25 (4) The employer shall pick up the member contributions
26 made through irrevocable payroll deduction authorizations pursuant
27 to sections 79-921, 79-933.03 to 79-933.06, and 79-933.08, and

1 the contributions so picked up shall be treated as employer
2 contributions in the same manner as contributions picked up under
3 subsection (3) of this section.

4 Sec. 2. Section 79-966, Reissue Revised Statutes of
5 Nebraska, is amended to read:

6 79-966 (1) On the basis of all data in the possession
7 of the retirement board, including such mortality and other tables
8 as are recommended by the actuary engaged by the retirement board
9 and adopted by the retirement board, the retirement board shall
10 annually, on or before July 1, determine the state deposit to be
11 made by the state in the School Retirement Fund for that fiscal
12 year. The amount of such state deposit shall be determined pursuant
13 to section 79-966.01. The retirement board shall thereupon certify
14 the amount of such state deposit, and on the warrant of the
15 Director of Administrative Services, the State Treasurer shall, as
16 of July 1 of such year, transfer from funds appropriated by the
17 state for that purpose to the School Retirement Fund the amount of
18 such state deposit.

19 (2) In addition to the state deposits required by
20 subsections (1) and (3) of this section, the state shall deposit
21 in the School Retirement Fund an amount equal to seven-tenths of
22 one percent of the compensation of all members of the retirement
23 system for each fiscal year on or after July 1, 1984, until July
24 1, 2009. For each fiscal year beginning July 1, 2009, until July
25 1, 2014, in addition to the state deposits required by subsections
26 (1) and (3) of this section, the state shall deposit in the School
27 Retirement Fund an amount equal to one percent of the compensation

1 of all members of the retirement system. For each fiscal year
2 beginning July 1, 2014, in addition to the state deposits required
3 by subsections (1) and (3) of this section, the state shall deposit
4 in the School Retirement Fund an amount equal to seven-tenths of
5 one percent of the compensation of all members of the retirement
6 system.

7 (3) In addition to the state deposits required by
8 subsections (1) and (2) of this section, beginning on July 1,
9 2005, and each fiscal year thereafter, the state shall deposit
10 in the Service Annuity Fund such amounts as may be necessary to
11 pay the normal cost and amortize the unfunded actuarial accrued
12 liability of the service annuity benefit established pursuant to
13 sections 79-933 and 79-952 as accrued through the end of the
14 previous fiscal year of the school employees who are members of
15 the retirement system established pursuant to the Class V School
16 Employees Retirement Act.

17 Sec. 3. Section 79-9,113, Reissue Revised Statutes of
18 Nebraska, is amended to read:

19 79-9,113 ~~(1)~~ (1)(a) If, at any future time, a majority of
20 the eligible members of the retirement system votes to be included
21 under an agreement providing old age and survivors insurance under
22 the Social Security Act of the United States, the contributions
23 to be made by the member and the school district for membership
24 service, from and after the effective date of the agreement with
25 respect to services performed subsequent to December 31, 1954,
26 shall each be reduced from five to three percent but not less than
27 three percent of the member's salary per annum, and the credits

1 for membership service under this system, as provided in section
2 79-999, shall thereafter be reduced from one and one-half percent
3 to nine-tenths of one percent and not less than nine-tenths of
4 one percent of salary or wage earned by the member during each
5 fiscal year, and from one and sixty-five hundredths percent to one
6 percent and not less than one percent of salary or wage earned
7 by the member during each fiscal year and from two percent to
8 one and two-tenths percent of salary or wage earned by the member
9 during each fiscal year, and from two and four-tenths percent to
10 one and forty-four hundredths percent of salary or wage earned by
11 the member during each fiscal year, except that after September
12 1, 1963, and prior to September 1, 1969, all employees of the
13 school district shall contribute an amount equal to the membership
14 contribution which shall be two and three-fourths percent of salary
15 covered by old age and survivors insurance, and five percent above
16 that amount. Commencing September 1, 1969, all employees of the
17 school district shall contribute an amount equal to the membership
18 contribution which shall be two and three-fourths percent of the
19 first seven thousand eight hundred dollars of salary or wages
20 earned each fiscal year and five percent of salary or wages earned
21 above that amount in the same fiscal year. Commencing September
22 1, 1976, all employees of the school district shall contribute
23 an amount equal to the membership contribution which shall be two
24 and nine-tenths percent of the first seven thousand eight hundred
25 dollars of salary or wages earned each fiscal year and five and
26 twenty-five hundredths percent of salary or wages earned above
27 that amount in the same fiscal year. Commencing on September 1,

1 1982, all employees of the school district shall contribute an
2 amount equal to the membership contribution which shall be four and
3 nine-tenths percent of the compensation earned in each fiscal year.
4 Commencing September 1, 1989, all employees of the school district
5 shall contribute an amount equal to the membership contribution
6 which shall be five and eight-tenths percent of the compensation
7 earned in each fiscal year. Commencing September 1, 1995, all
8 employees of the school district shall contribute an amount equal
9 to the membership contribution which shall be six and three-tenths
10 percent of the compensation earned in each fiscal year. Commencing
11 September 1, 2007, all employees of the school district shall
12 contribute an amount equal to the membership contribution which
13 shall be seven and three-tenths percent of the compensation paid
14 in each fiscal year. Commencing September 1, 2009, all employees
15 of the school district shall contribute an amount equal to the
16 membership contribution which shall be eight and three-tenths
17 percent of the compensation paid in each fiscal year.

18 (b) The contributions by the school district in any
19 fiscal year beginning on or after September 1, 1999, shall be the
20 greater of ~~(a)~~ (i) one hundred percent of the contributions by the
21 employees for such fiscal year or ~~(b)~~ (ii) such amount as may be
22 necessary to maintain the solvency of the system, as determined
23 annually by the board upon recommendation of the actuary and the
24 trustees.

25 (c) The contributions by the school district in any
26 fiscal year beginning on or after September 1, 2007, shall be the
27 greater of (i) one hundred and one percent of the contributions

1 by the employees for such fiscal year or (ii) such amount as may
2 be necessary to maintain the solvency of the system, as determined
3 annually by the board upon recommendation of the actuary and the
4 trustees.

5 (d) The employee's contribution shall be made in the
6 form of a monthly deduction from compensation as provided in
7 subsection (2) of this section. Every employee who is a member of
8 the system shall be deemed to consent and agree to such deductions
9 and shall receipt in full for compensation, and payment to such
10 employee of compensation less such deduction shall constitute a
11 full and complete discharge of all claims and demands whatsoever
12 for services rendered by such employee during the period covered
13 by such payment except as to benefits provided under the Class V
14 School Employees Retirement Act.

15 (e) After September 1, 1963, and prior to September 1,
16 1969, all employees shall be credited with a membership service
17 annuity which shall be nine-tenths of one percent of salary or wage
18 covered by old age and survivors insurance and one and one-half
19 percent of salary or wages above that amount, except that those
20 employees who retire on or after August 31, 1969, shall be credited
21 with a membership service annuity which shall be one percent of
22 salary or wages covered by old age and survivors insurance and
23 one and sixty-five hundredths percent of salary or wages above
24 that amount for service performed after September 1, 1963, and
25 prior to September 1, 1969. Commencing September 1, 1969, all
26 employees shall be credited with a membership service annuity which
27 shall be one percent of the first seven thousand eight hundred

1 dollars of salary or wages earned by the employee during each
2 fiscal year and one and sixty-five hundredths percent of salary
3 or wages earned above that amount in the same fiscal year, except
4 that all employees retiring on or after August 31, 1976, shall be
5 credited with a membership service annuity which shall be one and
6 forty-four hundredths percent of the first seven thousand eight
7 hundred dollars of salary or wages earned by the employee during
8 such fiscal year and two and four-tenths percent of salary or wages
9 earned above that amount in the same fiscal year and the retirement
10 annuities of employees who have not retired prior to September 1,
11 1963, and who elected under the provisions of section 79-988 as
12 such section existed immediately prior to February 20, 1982, not
13 to become members of the system shall not be less than they would
14 have been had they remained under any preexisting system to date of
15 retirement.

16 (f) Members of this system having the service
17 qualifications of members of the School Retirement System of the
18 State of Nebraska, as provided by section 79-926, shall receive
19 the state service annuity provided by sections 79-933 to 79-935
20 and 79-951.

21 (2) The school district shall pick up the employee
22 contributions required by this section for all compensation paid
23 on or after January 1, 1985, and the contributions so picked up
24 shall be treated as employer contributions in determining federal
25 tax treatment under the Internal Revenue Code, except that the
26 school district shall continue to withhold federal income taxes
27 based upon these contributions until the Internal Revenue Service

1 or the federal courts rule that, pursuant to section 414(h)
2 of the Internal Revenue Code, these contributions shall not be
3 included as gross income of the employee until such time as
4 they are distributed or made available. The school district shall
5 pay these employee contributions from the same source of funds
6 which is used in paying earnings to the employee. The school
7 district shall pick up these contributions by a salary deduction
8 either through a reduction in the cash salary of the employee
9 or a combination of a reduction in salary and offset against a
10 future salary increase. Beginning September 1, 1995, the school
11 district shall also pick up any contributions required by sections
12 79-990, 79-991, and 79-992 which are made under an irrevocable
13 payroll deduction authorization between the member and the school
14 district, and the contributions so picked up shall be treated as
15 employer contributions in determining federal tax treatment under
16 the Internal Revenue Code, except that the school district shall
17 continue to withhold federal and state income taxes based upon
18 these contributions until the Internal Revenue Service rules that,
19 pursuant to section 414(h) of the Internal Revenue Code, these
20 contributions shall not be included as gross income of the employee
21 until such time as they are distributed from the system. Employee
22 contributions picked up shall be treated for all purposes of the
23 Class V School Employees Retirement Act in the same manner and to
24 the extent as employee contributions made prior to the date picked
25 up.

26 Sec. 4. This act becomes operative on July 1, 2009.

27 Sec. 5. Original sections 79-958, 79-966, and 79-9,113,

1 Reissue Revised Statutes of Nebraska, are repealed.

2 Sec. 6. Since an emergency exists, this act takes effect

3 when passed and approved according to law.